

# INTRODUCTION TO KNOWLEDGE MANAGEMENT



In today's knowledge-based economy, the ability to manage knowledge becomes more crucial by the minute. Around 1950, nearly half of all workers in industrialized countries were making or helping to make things. By the 2000s, only a small percentage of all workers were dedicated to industrial work. As the demand for knowledge work increases, so does the complexity of the management of this knowledge. Knowledge is increasingly being viewed as a commodity or an intellectual asset, but there are some paradoxical characteristics of knowledge that are radically different from other valuable commodities. These knowledge characteristics include the following:

- Using knowledge does not consume it.
- Transferring knowledge does not result in losing it.
- Knowledge is abundant, but the ability to use it is scarce.
- Much of an organization's valuable knowledge walks out the door at the end of the day.

We have unlimited knowledge available to us with the advent of the Internet, but we need a way to determine what is useful and what is not. A great organization is one that learns, remembers, and acts according to the best available information, knowledge, and processes. Two key factors in competitiveness are the ability to create and diffuse knowledge. It is the ownership of knowledge along with the ability to use that knowledge to create or improve goods or services that defines a successful company.

# What is knowledge management?

Put simply, knowledge management is the process of capturing, distributing, and effectively using knowledge. This definition was coined by Tom Davenport in 1994. Another way to define Knowledge Management is the process or processes used to handle and oversee all of the knowledge that exists within a company. The concept of Knowledge Management sprouted from the consulting industry around the popularity of the internet. It was quickly realized how powerful having an intranet, an in-house subset of the internet, can be. This offers the ability to make information available, so the right people can get the right information at the right time.

Knowledge comes in three forms.

- **Explicit:** Information in tangible form such as books, newspapers, or articles.
- **Implicit:** Information that does not originate in a tangible form, but can be transferred into tangible form. An example of this would be a dictation of a speech or an experience.
- **Tacit:** Information that is difficult to capture in a tangible form like someone's perception of an experience or a feeling after a big event.

The field of knowledge management mostly relies on explicit knowledge, also called formal or codified knowledge, tacit knowledge, or intuitive knowledge. Implicit knowledge is the practical application of explicit knowledge. It is the best practices and skills that are transferable from job to job, and the best ways to perform a task with results. Implicit knowledge eventually becomes explicit or tacit or both. We want every employee to create good habits, so it is important to have a well-maintained knowledge management system.

## Theory of knowledge management

Knowledge Management is a continuous cycle of three processes.

- Knowledge creation and improvement
- Knowledge distribution and circulation
- Knowledge addition and application

The success of an organization depends on how it continually reinvents itself. Employees should know how to access and store knowledge within the organization. It is as important to learn from the past as it is to enhance performance in the future. A feedback system is important, so that you know if the right people are getting the right information. This allows the knowledge base to be improved upon continuously while ultimately allowing an organization to continue being successful.

## Examples of knowledge management in organizations

Knowledge Management comes in many various forms, and each type can learn from each other. Geisinger Medical Group lowered its surgery cost by \$2,000 per surgery by creating checklists for their doctors to use during operations. Most organizations need more than simple checklists, so here are a few robust knowledge management systems below.

- **Cross-training programs.** Training programs that allow employees to gain business knowledge by watching others work like shadowing or mentoring. For example, employees at Toyota shadow experienced employees for several months.

- **Content Management Systems (CMS).** Content management systems like SharePoint and Bloomfire allow teams and individuals to publish, update, and access information on a company intranet.
- **Document management systems.** Document management systems like Google Drive and Box allow organizations to store documents on the cloud, while sharing and controlling access permissions at a granular level. Typically, these tools have search functions like adding metadata and tagging to make them easier to find.
- **Chatbots.** [Chatbots](#) use AI and machine learning to respond to employee questions and requests for information. Using chatbots, employees do not need to dig through a CMS, document system, or chat history. They know where to go to get the information they need and can use natural language questions in the process. The chatbot will surface the best information in the knowledge base wherever that information may be located.
- **Social networking tools.** Social networking tools like Slack, Facebook, and Twilio allow teams to collaborate in a shared space. These tools store all conversations allowing everyone to search for previously discussed information.

## Why is knowledge management important?

It is estimated that poor knowledge-sharing practices cost Fortune 500 companies \$31.5 billion dollars annually. Also, in a survey published in the book, [Critical Knowledge Transfer](#), it is estimated that losing a key employee can carry with it a knowledge-related cost of up to \$1 million dollars per employee.

Employees quit and retire, taking with them decades of company knowledge. Even if they train their replacements, departing employees are never able to pass on everything they because much of their knowledge is tacit knowledge. Computer hard drives fail, and devices can be stolen. Some people are better at transferring tacit information than others. Knowledge management is important, because of these situations.

When knowledge is not shared and accessible, employees waste time recreating solutions, making mistakes made before, not getting the insights they need to be productive, and answering the same questions over and over.

## The goal of knowledge management

One of the biggest hurdles of implementing a knowledge management system is getting employees to embrace it. They may fear that sharing their knowledge will reduce the value that they provide and put their jobs at risk, and/or that a new system will take up too much of their time. They may just be comfortable with the old way of doing things and do not want to adopt another tool or process into their workflow.

It is important to form a strategy for not only how the company will share and store knowledge, but how the business will encourage employees to do the same. To be successful, a clear goal to create a company culture that prioritizes knowledge sharing is crucial. The overall goal of knowledge management should be to drive positive business and employee outcomes. When employees understand the upside, chances of successfully rolling out a knowledge management program are much higher. Watch a free demo to find out how [BMC Helix ITSM](#) can help you with knowledge management and much more